

VZCZCXR09419
RR RUEHLMC RUEHVK
DE RUEHUM #0878/01 3540215
ZNR UUUUU ZZH
R 200215Z DEC 06
FM AMEMBASSY ULAANBAATAR
TO RUEHC/SECSTATE WASHDC 0614
INFO RUEHUL/AMEMBASSY SEOUL 2563
RUEHBJ/AMEMBASSY BEIJING 5336
RUEHKO/AMEMBASSY TOKYO 2318
RUEHMO/AMEMBASSY MOSCOW 1650
RUEHSH/AMCONSUL SHENYANG 0234
RUEHVK/AMCONSUL VLADIVOSTOK 0061
RUEKJCS/SECDEF WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUCPODC/USDOC WASHDC 1144
RUEHRC/USDA FAS WASHDC
RUEHLMC/MILLENNIUM CHALLENGE CORP WASHINGTON DC 0427

UNCLAS SECTION 01 OF 02 ULAANBAATAR 000878

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STATE FOR EAP/CM

E.O. 12958: N/A

TAGS: [PREL](#) [EAI](#) [EMIN](#) [PGOV](#) [MG](#)

SUBJECT: Provincial Perspectives: Khentii and Dornod Aimags See
Agribusiness and Mining in Their Futures

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¶1. (SBU) SUMMARY: During a brief November 19-21 easterly swing through Dornod and Khenti provinces, leaders there expressed concern about growing unemployment pressures but were hopeful that investments in mining, for the former, and agribusiness and tourism, for the latter, would provide needed jobs and incomes. Both solicited increased U.S. investment as well as more educational opportunities for students from their regions. END SUMMARY.

¶2. (U) DCM, accompanied by FSN Commercial Specialist, paid brief familiarization visits to the capitals of Khentii and Dornod Aimags (provinces) capitals Undurkhaan and Choibalsan November 19-21.

KHENTII TO PURSUE AGRIBUSINESS, TOURISM OPPORTUNITIES

¶3. (SBU) Over dinner with Khentii Aimag Governor S.Jargal the evening of November 19 as well as breakfast and an office call on November 20, Governor Jargal repeatedly stressed his administration's efforts to create jobs, encourage foreign investment, especially in agribusiness and tourism, and reduce corruption. Jargal noted that, as a Democratic Party Aimag Governor, he was targeted for failure by the ruling Mongolian Revolutionary People's Party (MPRP). He said he had succeeded in attracting Japanese as well as Korean investors to consider expansion of investments in both agribusiness as well as tourism, adding that Khentii Aimag had some large Aimag-controlled land holdings suitable for agribusiness investment to divvy up as well as numerous historical points related Chinggis Khan (Genghis Khan) that would be valuable from the tourist industry's perspective. He solicited increased U.S. business interest as well as additional educational opportunities for college students from his aimag.

4, (SBU) Among other plans, Jargal said he hopes to open a "one-stop-shop" for all aimag services both to expedite and improve services as well as to reduce the opportunities for corruption for both the "giver" and "receiver" of bribes. He hopes to provide all aimag residents early next year with waste disposal garbage cans to encourage citizens to properly dispose of garbage and thereby improve the cleanliness of the cities and towns as well as to encourage secondary opportunities in recycling. (Note: Governor Jargal had just spent the weekend out hunting wolves with the British Ambassador. He emphasized the wolves routinely killed

numerous livestock and posed a serious threat to livelihoods as well as residents.)

DORNOD LOOKS FORWARD TO
DEVELOPING MINING OPPORTUNITIES

15. (SBU) The Dornod Aimag Hural (parliament) Chairman Ts. Shinebayar told the DCM November 20 that with some 40,000 residents of the Aimag's 70,000 population, Choibalsan had become a magnet for college students and unemployed workers in the vast eastern province. This put considerable pressure on the aimag government to produce jobs and provide services, and he hoped a number of promising mining investments in uranium and other minerals as well as oil would generate more jobs. He said two mining projects are expected to commence operations in the near future and they would reportedly create 1,000 and 400 jobs, respectively, but he admitted this would only marginally reduce unemployment levels, which he put at nearly 50%. (Note: Mr. Shinebayar owns the "Aduunchuluun" coal mine in Dornod.) He claimed that local corruption was minimal, as opportunities for big payoffs were largely to be found in Ulaanbaatar, the nation's capital. He said the Hural numbers heavily favored the MPRP and the DP had made few inroads over the years.

15. (SBU) Shinebayar said the border with China was largely open, as Mongolians and Chinese easily obtained visa-free access and routinely traveled back and forth across the border for personal as well as commercial purchases. He said the border with Russia was much more problematic as both citizens and goods often experienced unnecessary bureaucratic delays going and coming. (NOTE: The issue of visa-free access was discussed during President Enkhbayar's recent visits to Moscow (septel).) As a result, the number of

ULAANBAATA 00000878 002 OF 002

Russians to be found in the aimag stood at less than perhaps a few hundred, while Chinese oil field and mining workers as well as others amounted to a few thousand. He doubted these numbers would drop off much as the Chinese were largely skilled workers for which there were not Mongolian substitutes.

ARMY COMMANDER LAUDS U.S. MARINE EMBEDS AND SEEKS MORE

16. (SBU) In addition to calling on USAID-related project NGOs representatives and meeting with Peace Corps Volunteers, the DCM also called on COL. Nergui, the Commander of the 327th Mechanized Regiment, and lunched with the Commander, his staff, and two U.S. Marine training NCOs embedded with the unit. COL. Nergui lauded the US Marines' work, training skills, work ethic, and high personal standards, which served as examples for Mongolian NCOs. He sought the USG's continuation of the embed program as well as additional English language training to support the Regiment's modernization.

MINTON